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SUBJECT: FOREIGN MINISTERS DISCUSS AFPAK, IRAN, MEPP AT  
SEPTEMBER GYMnich

Classified By: DCM Robert Silverman for reasons 1.4 (B) and (D)

¶1. (C) Summary: At the September 4-5 informal foreign ministers' meeting (Gymnich) in Stockholm, the Swedes deliberately limited the meeting agenda to provide adequate time for more thorough discussions, and the Swedes insisted on strict anonymity in reporting, a format that was broadly praised by participants. Ministers were also, with few exceptions, on-message in their statements to the press, reflecting unusual cohesion as compared to more recent Gymnicks. While the Middle East Peace Process (MEPP) and Afghanistan were the focus of ministers' discussions, Syria, Iran, future EU foreign policy, and EU Enlargement were also addressed. Regarding U.S.-led peace efforts in the Middle East, there was reportedly consensus that U.S. efforts must be supported and were on the right track. Since this was an informal gathering, no formal conclusions or decisions followed. Instead ministers used this forum as an opportunity to prepare for the upcoming General Affairs and External Relations Council (GAERC) and United Nations General Assembly (UNGA) sessions when many of these topics will be revisited. End Summary.

¶2. (C) In a subsequent meeting with Jonas Wendel, Deputy Director of the EU Correspondent's Office of the Swedish MFA, on September 7, Stockholm poloffs were able to obtain a more thorough readout of the discussions. The highlights include:

--MEPP: Ministers welcome and support U.S. efforts to start peace talks. EU High Representative for Common Foreign and Security Policy (HR) Solana wants to keep everyone focused on the end goal, a two-state solution respecting 1967 borders. He proposed creating a steering group of Quartet and Arab states to monitor negotiations. There was support for a peace conference in Moscow and for continued EU contributions to Palestinian statebuilding.

--Syria: The Dutch appear to be moderating their human rights objections to signing an Association Agreement with Syria. A solution is likely to be found that would allow for a possible signing in October.

--Iran: The tone of ministers, brief Iran discussion suggested that enhanced EU sanctions were a question of when, not if. Swedish FM Bildt ordered a report on EU-Iran trade to provide a factual basis for continued discussions during the September GAERC. The EU wants to use the UN General Assembly (UNGA) week to try once again for new UN Security Council (UNSC) backed sanctions. If these fail, there is still EU division over whether the EU should impose new nuclear-related sanctions or to broaden them to other items.

--Afghanistan: Ministers acknowledged that Afghanistan's political outlook is grim, but are resolved to continue engagement. The outline of the new EU AfPak strategy was well received. Bildt requested that a catalogue of existing bilateral and EU programs there be compiled in order to avoid

duplication and prod members to do more. Ministers publicly stressed the need to let the Afghani election monitors do their job, but discussions did not include a plan in the case that the election result was disputed.

--EU as Global Actor and Candidates: Ministers were asked to urge finance ministers to increase funding for Common and Foreign and Security Policy (CFSP). At the lunch for candidate country FMs, Turkey's Davutoglu gave a strategic overview of foreign policy developments in their region.

MEPP

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13. (C) The Solana Plan: HR Solana presented his thoughts on the way forward following his recent trip to the region, Wendel reported. First and foremost he wants to keep the end goal\* a two-state solution that respects the borders of 1967\* in sight. If work remains focused on that objective, which he also reiterated in his public remarks, the details of the solution will follow. An Israeli freeze on settlements would be a nice confidence building gesture, but Solana argues that most likely settlements will have to be negotiated and will be part of the peace process. Assuming the U.S. takes the lead in negotiations, Solana thinks there should also be a steering group, consisting of the Quartet and Arab states, to monitor negotiations and ensure that all parties, issues are taken into account in the process. When a settlement is closer to completion, the Arab states would be brought into the agreement as parties to the process. The EU should engage in active mediation to support Washington's efforts, possibly setting benchmarks for monitoring progress. Solana said that a timetable is urgent, and many ministers agreed that the window to a solution could close in a couple

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of months. UNGA is the first important date, hopefully marking the beginning of talks, and the late September meeting of the Ad Hoc Liaison Group would be another.

14. (C) Ministers discussed the region for over three hours, according to Wendel. There was support for convening a conference in Moscow, as this would also engage Russia in the process. A French proposal to use the Union for the Mediterranean as a forum for peace discussions was less popular, given the untested nature of the Union. There was a general feeling that the EU's strength lies in state building, although given the informal nature of the meeting there were no concrete decisions on eg increasing aid to the Palestinian Authority. Administrative obstacles put in place by Israel were identified as a main cause of the problems of running Gaza. The Fayad Plan was praised as a complex, mature, confident document that inspired confidence among ministers that the PA was serious about reconciliation.

15. (C) Way forward: There will be no conclusions issued on this topic at the September 14-15 GAERC, Wendel said, but Swedish FM Bildt acknowledges that some official statement will be necessary from the EU before UNGA. Bildt spoke with Special Envoy Mitchell on September 6, providing a Gymnich readout, and agreeing that Bildt and Mitchell will coordinate on the proper timing of an EU statement. This will probably come during Mitchell's trip to the region later this week.

16. (SBU) Ministers' public statements on settlements were much less sanguine than Solana's private observations. Italian FM Frattini, Finland's Stubb, Sweden's Bildt, and even Solana's spokeswoman Gallach called for a stop of Israeli settlement activity, with Bildt later echoing Solana's argument that eventually settlements would be just one more issue to negotiation as part of a settlement. All FMs who gave public statements on the MEPP were extremely pleased with the new U.S. work to stimulate peace talks and expressed solidarity and willingness to support this work.

Syria

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17. (C) All ministers but the Dutch seemed ready to offer Syria an Association Agreement. Wendel opined that even FM Verhagen seemed "more flexible" on the issue than before, although Verhagen had not backed down on the need to highlight ongoing human rights shortcomings. The Hague also harbors some misgivings on the Agreement's nonproliferation clause and the terms under which the Agreement could be suspended, although it acknowledges that Association Agreements are fairly standardized and allow few customizations. Wendel noted that a statement on human rights could be issued at the time the agreement was signed; however, Wendel doubted that a final agreement would be ready for the September GAERC, so it may be pushed to October. Publicly, External Relations Commissioner Benita Ferrero-Waldner said she was sure an agreement would be reached "in the near future," creating a contractual relationship between the EU and Syria via which the EU could monitor rights and other developments in Syria.

Iran

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18. (C) Iran got only 45 minutes of discussion (only 12 ministers spoke) and will be continued at the GAERC, Wendel reported. Bildt has ordered a factual report on the nature of EU-Iran trade and on the likely impact of sanctions to form the basis for the GAERC discussions. No formal conclusions are expected. However, Wendel noted to his personal satisfaction, unlike in countless earlier meetings, discussion this time focused more on when, not if, the EU must act to impose autonomous sanctions on Iran, and involved less emotion and more concrete discussion of facts and policy choices. As Iran's largest export market, the EU has the means to do more, and there appears to be support for more sanctions targeted at nuclear-related activity. However, the majority of member states will not yet accept the notion of broadening sanctions to include more generic trade or financial transactions, Wendel estimated. The ministers want to use UNGA to try the UN process one more time. Were Russia and China to flatly refuse further targeted sanctions at UNGA, the EU would be ready to move toward its own sanctions, or possibly, toward concerted action with a "coalition of the willing" including perhaps Arab states and/or India. More likely, Wendel posited, Russia and China would provide an unclear response at UNGA, and some EU member states will be tempted to latch on to a new UNSCR that only squeezed Tehran a tiny bit harder.

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19. (C) Background: Ministers find Iran's internal situation hard to assess from outside, but they sense that the popular protests after the election have eroded the authority of the president and the religious authorities, according to Wendel. As a result, ministers expect a purge of moderates over the next 1-3 years--exactly the time period over which Iran may complete its work on a nuclear weapon, if it so chooses. Therefore it will be very hard for the EU to find moderates with whom to deal on the nuclear issue. Some ministers wanted to find ways to support protest groups and moderates, but others opposed this because it would strengthen Tehran's accusations that the protesters were simply the product of foreign intervention, and would brand EU countries as subversive. Several ministers found the recent IAEA assessment to be the most clearcut and worrying to date.

110. (C) Meanwhile the consular crisis concerning EU nationals detained in Iran shows no sign of conclusion, said Wendel. The French national Reiss was interrogated by the police late last week, and the police were under orders to return her to jail rather than to the French Embassy. Only after the accompanying French Ambassador negotiated for several hours was Reiss allowed to return to the Embassy. Wendel said that if the court returns the "wrong" verdict on EU citizens, the EU may refuse to grant visas for diplomatic passport holders.

Although such a ban is hard to implement in practice and may cause few practical problems for Iranian diplomats that regularly rotate in and out of European embassies, it would send a political signal.

¶11. (U) Publicly, ministers urged Iran to respond to the American offer of dialogue, and hoped for a positive response to the EU3 plus 3 offer on the table. Bildt was perhaps most forward leaning, saying that "we want cooperation with Iran ( if they want confrontation, we are ready." Stubb underscored the need for the EU and United States to present a united front, and if there is no Iranian response then the EU will intensify sanctions. French FM Kouchner, on the other hand, said that UNSC agreement was needed in order to impose more sanctions, and Austrian FM Spindelegger was likewise more cautious.

#### Afghanistan

¶12. (C) Discussion of Afghanistan,s political situation painted a somber picture, Wendel said. Several ministers alluded to a nightmare scenario where President Karzai claimed to have won over half of the votes in the first round, but after fraudulent ballots were taken into account, Karzai was shown to have won less than half, and his government loses credibility. There was no discussion of a possible EU reaction to such a scenario. There was great concern among ministers that the Afghan people no longer have confidence that the Europeans can help build a functioning state, and talk of how the EU could be more effective. FM Bildt had requested that the European Commission provide him with a list of member state contributions to Afghanistan in advance of the Gymnich so that he could &name and shame.8 He was furious when he was told that the numbers provided were not firm enough for this, and he ordered all ministers to provide firm numbers to the Commission within 48 hours. Bildt was, however, able to use information on contributions to EUPOL to encourage members to contribute more. A conference to discuss the transition of security responsibilities from ISAF to the Afghans\*announced publicly by France, the UK, and Germany on September 6\*was also introduced at the meeting. Both EUPOL and other EU involvement will be discussed further at the GAERC, when more is known about the Afghan elections. Pakistan was only mentioned by one minister, who put a possible free trade agreement on the table.

¶13. (U) Ministers addressing the press uniformly stressed the need to stay involved in Afghanistan, as the problems there, especially narcotics and terrorism, affect Europe directly. Many journalists asked about the recent air strike called in by German ISAF soldiers on stolen fuel tankers near Kunduz and the apparently high casualty count. Most ministers referred the incident as a tragedy, with Bildt explaining that even deaths of Taliban "however you define them" are tragedies. Members of the German media challenged this characterization at nearly every opportunity, asking FM Bildt, Commissioner Ferrero-Waldner and others how they could consider enemy Taliban fighters killed in the attack as victims. Calling the air strike a "big mistake," Kouchner echoed others when he underscored the need to "not just bomb them" but to engage in state capacity building. Implicitly defending Commission policy to date, Ferrero-Waldner explained that the new AfPak strategy would help the EU to

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further improve on existing policy. Programs would be better coordinated within the EU and with international partners. Funding was not discussed explicitly, Ferraro-Waldner explained, but some FMs noted that increased contributions may be necessary as a result.

#### EU as Global Actor

¶14. (C) These talks centered on funding for CFSP. Ministers were encouraged to raise CFSP during EU budget talks, and to have their own Finance Ministries appropriate more money for CFSP projects. After a short discussion of the powers that the new High Representative under the Lisbon Treaty might have, ministers were asked to put their thoughts in writing for discussion at the October GAERC. In the concluding press conference, Bildt explained that "there is a demand for the EU in the world" and he hoped Lisbon would give the EU the institutional tools to better fulfill its mission.

#### Candidates, Lunch

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¶15. (C) Wendel said the lunch with candidate countries FYROM, Croatia, and Turkey was more strategic than usual and less focused on candidates' individual accession processes. Croatian FM Jandrokovic made a positive impression, noting Zagreb's Euro-Atlantic orientation and arguing that this perspective should be encouraged throughout southeastern Europe. He worried that the new Serbian foreign policy strategy was not solely focused on the west but also encouraged strong ties to Russia, China and the non-aligned movement. This, Jandrokovic argued, set the stage for more "foreign policy games" from Belgrade. He was personally encouraged that Croatia's bilateral border dispute would soon be solved. (Note: Wendel corrected press reports that claimed Bildt had mediated a Slovenia-Croatia meeting. He had not, and Wendel did not know if any bilateral talks occurred on the Gymnich margins. End note) The FYROM FM Milososki was also optimistic about the resolution of the Macedonia name dispute.

¶16. (C) Turkish FM Davutoglu spoke at length. He highlighted recent steps to improve Turkish-Armenian relations, Turkish mediation between Iraq and Jordan and between Israel and Syria. He saw a good likelihood that the Nagorno-Karabakh conflict could be resolved, perhaps inspiring resolution of other frozen conflict. Davutoglu outlined the Kurdish Initiative, meant to satisfy EU demands for better treatment of Turkey's minorities, help defuse support for the PKK and ease relations with northern Iraq. Davutoglu stressed, however, that Turkey needs European countries to also address PKK elements in their countries. French FM Kouchner was not present for the lunch and there was little discussion. Asked what the EU could do to help in the southern Caucasus, Davutoglu suggested Brussels build a road from the Caspian to the Black Sea. Special Representative Peter Semneby will look into it.

#### Atmospherics

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¶17. (U) The Swedish Presidency deliberately limited the meeting agenda to provide adequate time for more thorough discussions. Focusing their attention primarily on MEPP the first day and Afghanistan the second, participants reported having had adequate time to analyze and discuss these challenges without being rushed. In addition, the Swedes insisted on strict anonymity in reporting, a format that was also broadly praised by participants. In an "Avignon-like" approach, the presidency reportedly allowed only a single presidency note taker to be present during ministers, discussions, briefing fellow EU MFA correspondents thoroughly upon the conclusion of each session. Unlike Avignon where there was much criticism of this approach because EU correspondents felt that they had been deliberately cut out of the process and poorly briefed, the Swedes made it clear from the onset their reasoning - FM Bildt's desire to return to the informal atmosphere of Gymnichs past - and ensured that EU correspondents were briefed in a timely and thorough manner. Ministers were also, with few exceptions, on-message in their statements to the press, reflecting unusual cohesion as compared to more recent Gymnichs.